

IMPACT OF CHANGES TO PERMANENT DISABILITY ON UNPAID LOSS									
ACTIVE INSURERS									
(\$Millions)									
Calendar/ Accident Year	Ultimate Indemnity Loss Ratio	Earned Premium	Ultimate Indemnity Losses	% PD/ Indemnity (pre-reform)	Ultimate PD Losses	% PD Claims Affected by Reform	% PD Costs Affected by Reform	% Impact of Reform on PD	Savings from Reform
			(1)x(2)		(3)x(4)				(5)x(7)x(8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
<b>Low Scenario</b>									
1998	0.655	4,685	3,069	49.6%	1,523	0%	0%	(26.16%)	-
1999	0.681	4,943	3,366	49.6%	1,671	0%	0%	(26.16%)	(2)
2000	0.584	6,673	3,897	49.6%	1,934	2%	2%	(26.16%)	(8)
2001	0.487	10,213	4,974	49.6%	2,468	2%	2%	(26.16%)	(12)
2002	0.377	13,544	5,106	49.6%	2,534	3%	3%	(26.16%)	(21)
2003	0.252	19,684	4,960	49.6%	2,462	7%	7%	(26.16%)	(44)
2004	0.176	23,040	4,055	49.6%	2,013	16%	16%	(26.16%)	(85)
Total	0.355	82,781	29,427		14,604				(172)
<b>Middle Scenario</b>									
1998	0.655	4,685	3,069	50.4%	1,547	1%	1%	(45.12%)	(5)
1999	0.681	4,943	3,366	50.4%	1,697	1%	2%	(45.12%)	(14)
2000	0.584	6,673	3,897	50.4%	1,965	3%	6%	(45.12%)	(50)
2001	0.487	10,213	4,974	50.4%	2,508	6%	10%	(45.12%)	(109)
2002	0.377	13,544	5,106	50.4%	2,575	9%	17%	(45.12%)	(196)
2003	0.252	19,684	4,960	50.4%	2,501	18%	29%	(45.12%)	(327)
2004	0.176	23,040	4,055	50.4%	2,045	38%	52%	(45.12%)	(481)
Total	0.355	82,781	29,427		14,840				(1,181)
<b>High Scenario</b>									
1998	0.655	4,685	3,069	51.4%	1,578	1%	2%	(60.08%)	(17)
1999	0.681	4,943	3,366	51.4%	1,731	2%	4%	(60.08%)	(42)
2000	0.584	6,673	3,897	51.4%	2,005	6%	11%	(60.08%)	(135)
2001	0.487	10,213	4,974	51.4%	2,558	11%	20%	(60.08%)	(305)
2002	0.377	13,544	5,106	51.4%	2,627	19%	30%	(60.08%)	(477)
2003	0.252	19,684	4,960	51.4%	2,551	36%	50%	(60.08%)	(762)
2004	0.176	23,040	4,055	51.4%	2,086	76%	85%	(60.08%)	(1,068)
Total	0.355	82,781	29,427		15,137				(2,805)
<p>(1) WCIRB Actuarial Committee Meeting, 12/1/05, Exhibit 3 (page III-A-7)</p> <p>(2) WCIRB Actuarial Committee Meeting, 12/1/05, Exhibit 1 (page III-A-2)</p> <p>(4) 0</p> <p>(6) Based on assumption of 100 lag between date of injury and last date of TD payment (on permanent disability claims)</p> <p>(6) Lag based on TD payment information provided by CWCI</p> <p>Low Scenario: Assumes PD schedule applies only to those cases with final settlement in 2005</p> <p>Middle Scenario: Assumes new PD schedule applies to 1/2 potential claims</p> <p>High Scenario: Assumes PD schedule applies to all potential claims</p> <p>(7) Low: Assumes claims that become PD later tend to be same size as average PD claim</p> <p>Middle: Interpolated from data provided by UCB</p> <p>High: 2000 - 2004 based on data provided by UCB</p>									

IMPACT OF CHANGES TO PERMANENT DISABILITY ON UNPAID LOSS				
All Insurers				
\$Millions				
	Calendar/ Accident Year	Active Insurer Savings from Reform	Percent Inactive	All Insurers Savings from Reform
		(1)	(2)	(1)/[1-(2)]
		(1)	(2)	(3)
<b>Low Scenario</b>				
	1998	-	30%	-
	1999	(2)	32%	(3)
	2000	(8)	22%	(11)
	2001	(12)	10%	(13)
	2002	(21)	7%	(22)
	2003	(44)	2%	(45)
	2004	(85)	0%	(85)
	Total	(172)		(179)
<b>Middle Scenario</b>				
	1998	(5)	30%	(7)
	1999	(14)	32%	(20)
	2000	(50)	22%	(63)
	2001	(109)	10%	(121)
	2002	(196)	7%	(209)
	2003	(327)	2%	(333)
	2004	(481)	0%	(481)
	Total	(1,181)		(1,234)
<b>High Scenario</b>				
	1998	(17)	30%	(24)
	1999	(42)	32%	(61)
	2000	(135)	22%	(172)
	2001	(305)	10%	(338)
	2002	(477)	7%	(510)
	2003	(762)	2%	(775)
	2004	(1,068)	0%	(1,068)
	Total	(2,805)		(2,949)
	(1)	0		
	(2)	0		

Permanent Disability as a Percentage of Indemnity Costs By Accident Year				
Type of Benefit	Prior	2003	2003	2004
<b>Death</b>	92,669	95,809	96,318	98,773
<b>Permanent Total</b>	316.93	489.46	497.16	511.42
<b>Major (70-99.75)</b>				
Duration PD	425.0	425.0	425.0	438.2
Avg. Compensation PD	210.76	211.83	212.53	227.45
Total PD	89,573	90,028	90,325	99,669
Duration Life Pension	546.8	546.8	546.8	533.7
Avg. Compensation LP	71.66	86.06	86.21	85.68
Total Life Pension	39,184	47,058	47,140	45,727
Other	33,769	36,285	35,772	36,643
<b>Total Major</b>	162526	173370	173237	182039
<b>Major (25-69.75)</b>				
Duration PD	164.4	164.4	164.4	164.4
Avg. Compensation PD	164.16	177.67	178.07	190.57
Total PD	26,987.90	29,208.95	29,274.71	31,329.708
Other	26,310.10	27,195.05	27,569.29	31,274
<b>Total Major (25-69.75)</b>	53298	56404	56844	62604
<b>Minor (15-24.75)</b>				
Duration PD	65.6	65.6	65.6	82.8
Avg. Compensation PD	154.54	176.53	176.98	189.15
Total PD	10,138	11,580	11,610	15,662
Other	13,780	14,398	14,593	14,943
<b>Total Minor (15-24.75)</b>	23918	25978	26203	30605
<b>Minor (0.25-14.75)</b>				
Duration PD	22.4	22.4	22.4	29.6
Avg. Compensation PD	135.90	175.44	175.93	187.84
Total PD	3,044	3,930	3,941	5,560
Other	4,920	5,163	5,238	5,372
<b>Total Minor (0.25-14.75)</b>	7964	9093	9179	10932
<b>Temporary</b>	317.35	336.39	341.79	352.2
<b>Total Permanent Disability</b>	169243.506	182293.99	182787.466	198458.818
<b>Total All</b>	341009.28	361479.85	362619.95	385816.62
<b>Percent PD</b>	49.6%	50.4%	50.4%	51.4%
Source: WCIRB January 2004 Revised Rate Filing Section A, Appendix C, Attachment 1, Sheets 2,3 (Page A:A-122,123) Section A, Appendix C, Attachment 2, Sheet 2, (Page A:A-126,127)				